

Message Text

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SUBJ: AMBASSADOR'S LUNCH WITH KORNIYENKO: NEW EMBASSY
CONSTRUCTION

REF: A. STATE 207035

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1. DURING SEPT 2 LUNCH (AT WHICH KOMPLEKTOV AND MATLOCK ALSO PRESENT), KORNIYENKO RAISED SOVIET DESIRE TO INITIATE CONSTRUCTION OF HOUSING PORTION OF EMBASSY COMPLEX AT OUTSET OF CONVERSATION AND REVERTED TO IT SEVERAL TIMES THEREAFTER.

2. KORNIYENKO'S ARGUMENTS CLOSELY PARALLELED VORONTSOV'S IN WASHINGTON, WITH EMPHASIS ON THE FOLLOWING POINTS:

A. SOVIETS HAVE DONE THEIR HOMEWORK, ARE NOW READY TO GO--AT LEAST WITH APARTMENT HOUSES--BUT ARE BEING HELD BACK BY U.S. FOR "ARTIFICIAL REASONS."

B. ALTHOUGH THEY DO NOT CHALLENGE THE PROVISIONS OF THE RELEVANT AGREEMENTS WHICH CALL FOR MUTUAL AGREEMENT TO THE INITIATION OF CONSTRUCTION, THEY FEEL THAT THEY ARE BEING HANDICAPPED UNFAIRLY BECAUSE PLANNING ON THE PART OF THE
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U.S. HAS NOT KEPT PACE WITH THAT DONE BY THE SOVIETS.

C. THE PRACTICAL EFFECT OF THE U.S. POSITION IS TO DELAY FOR AN INDEFINITE PERIOD INITIATION OF SOVIET CONSTRUCTION IN WASHINGTON, WHICH NOT ONLY HANDICAPS THEIR ABILITY TO MEET THEIR HOUSING NEEDS IN WASHINGTON, BUT ALSO WILL RESULT IN INCREASED COSTS AS A RESULT OF SUBSEQUENT INFLATION.

D. IF THE U.S. PERSISTS IN ITS CURRENT POSITION, THE EFFECTS WILL BE FELT IN THE SOVIET ATTITUDE TOWARD OUR PROJECT (INCLUDING PRICE), AND IN OUR REQUESTS FOR ADDITIONAL FACILITIES AND ASSISTANCE IN MEETING PRACTICAL NEEDS IN OTHER AREAS.

3. ALTHOUGH KORNIYENKO INITIALLY MENTIONED AN ALLEGED ORAL AGREEMENT WHICH WOULD PERMIT THE SOVIETS TO INITIATE CONSTRUCTION OF HOUSING BEFORE THE REST OF THE PROJECT, HE DROPPED THE ARGUMENT WHEN IT WAS POINTED OUT THAT WE HAD NO MEMORY OR RECORD OF A DISCUSSION ALONG THESE LINES, AND THAT ANY DISCUSSION OF HOUSING WOULD HAVE RELATED TO USE OF HOUSING BEFORE THE COMPLETION OF CHANCERIES, AND NOT TO THE START OF CONSTRUCTION, IN ACCORD WITH THE FINAL SENTENCE OF PARAGRAPH I (6) OF THE DECEMBER, 1972, CONDITIONS OF CONSTRUCTION AGREEMENT. AFTER SAYING THAT THEY DID NOT REST THEIR CASE ON SUCH AN "ORAL AGREEMENT," KORNIYENKO POINTED OUT THAT THE SAME PARAGRAPH OF THE CONDITIONS OF CONSTRUCTION AGREEMENT STATES "TO THE EXTENT REASONABLE POSSIBLE THE PARTIES WILL AGREE ON TARGET DATES..." AND ASSERTED THAT THE LACK OF PREPARATION ON THE U.S. SIDE DOES NOT MAKE SIMULTANEOUS INITIATION REASONABLY POSSIBLE.

4. AT ONE POINT IN DISCUSSION, BOTH KORNIYENKO AND KOMPLEKTOV MENTIONED ALLEGED RECENT LAW (1971 OR 1972) PASSED BY SUPREME SOVIET, WITH RETROACTIVE EFFECT, WHICH LIMITS LEASEHOLDS ON LAND TO FIVE YEARS. THEY COMMENTED THAT THEY HAD TO DEFEND 1969 AGREEMENT ON EMBASSY SITES AGAINST APPLICATION OF THIS LAW, NOTING THAT AGREEMENT DID NOT HAVE STATUS OF TREATY, THUS LEGALLY OVERRIDING DOMESTIC LEGISLATION. THEY CITED THIS, THEY SAID, NOT AS IMPLIED THREAT, BUT SIMPLY TO ILLUSTRATE THAT THEY, TOO, HAVE DOMESTIC PROBLEMS IN DEFENDING AGREEMENTS REACHED ON NEW EMBASSIES.

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5. THE AMBASSADOR REPLIED ALONG THE LINE OF ARGUMENTATION SET FORTH IN REFTEL C. WHILE NOT CHALLENGING THE PARTICULARS OF THESE ARGUMENTS, KORNIYENKO AND KOMPLEKTOV LEFT NO DOUBT THAT IN THEIR VIEW THE RESULT OF THE CURRENT U.S. POSITION IS TO PLACE AN UNFAIR HANDICAP ON THE SOVIETS, AND THAT THE U.S. POSITION WOULD HAVE BOTH POLITICAL AND PRACTICAL IMPLICATIONS FOR U.S.-SOVIET RELATIONS.

6. COMMENT: WHILE WE DO NOT BELIEVE THERE IS ANY DANGER THAT SOVIETS WOULD NULLIFY EXISTING AGREEMENTS (AS MIGHT BE IMPLIED IN THOSE COMMENTS REPORTED IN PARA 4), IT IS CLEAR FROM THE INSISTENT TONE OF KORNIYENKO'S PRESENTATION AND BY THE FREQUENCY WITH WHICH HE REVERTED TO THE THEME DURING THE TWO-AND-A-QUARTER-HOUR DISCUSSION, THAT FEELINGS ARE RUNNING VERY HIGH ON THIS ISSUE.
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